* Please note that where the term "Manager" is used, for the duration of the Strong Mayor pilot, that term refers to the Mayor of the

City of San Diego.

Terms Appointment of Composition Compensation and ISSUE shall be composed of two (2) members compensation for terms of five years Public members shall be nominated by accounting and auditing standards. out the duties of the Audit Committee. technical expertise necessary to carry independence, experience and Committee shall possess the Public members of the Audit of the City Council for the City of San independence, the Audit Committee independent body. To insure its Audit Committee shall be an consisting of five (5) members. Independent Audit Committee Committee The public the Manager and confirmed by the limited to basic knowledge of Diego and three (3) members of the There is hereby created an This expertise includes but is not members of the Audit shall MAYOR serve without The carry out the duties of the Audit members shall be nominated and auditing standards. Public technical expertise necessary to independent body. To insure its consisting of five (5) members. confirmed by the City Council. knowledge of accounting and includes but is not limited to basic Committee. This expertise independence, experience and Public members of the Audit Independent Audit Committee should be arranged to ensure that The terms of the three (3 Committee shall possess the (Source: Resolution R-302281). and two (2) members of the public Committee shall be composed of independence, the Audit The Audit Committee shall be an There is hereby created an appointed City Council members Council members shall serve as One of the three (3) appointed City Council for the City of San Diego he Chair of the Audit Committee hree (3) members of the City IBA CITY ATTORNEY

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Purpose City of San Diego. ISSUE eligible for reappointment. consecutive terms, with one (1) term Public intervening before they Committee are limited to two (2) full until their successors are appointed. arranged to ensure that there is always business accounting, financial reporting, and reporting processes and systems of auditing, regarding financial statements and fulfilling its oversight responsibilities is to assist the City Council in The purpose of the Audit Committee Audit Committee Charter) on the Audit Committee. one member with experience serving City Council members should be The terms of the two (2) appointed the Council. established by City management and internal controls regarding finance, independent, legislative oversight of reporting processes, financial internal the City's: accounting and financial The Audit Committee provides members accounting and related practices MAYOR of the and conduct (Source: become Audit Committee Charter) experience serving on the Audit Committee. Committee.) extracted from the Purpose and there is always one member with ADD (The bullets below are 22.4301 for the Audit Charter / Municipal Code section Intent portion of Audit Committee Provide independent unction and audits of processes, financial and financial reporting egislative oversight o he City's: accounting nternal financial audi ternal controls IBA (Source: CITY ATTORNEY Formatted: Not Highlight

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DRAFT: CREATION OF AUDIT COMMITTEE

* Please note that where the term "Manager" is used, for the duration of the Strong Mayor pilot, that term refers to the Mayor of the

City of San Diego, ISSUE financial statements. or direct the preparation of the City's authority or responsibility to prepare The Audit Committee shall have not controls, internal financial audit the above Council with legislative oversight of financial statements. It assists the City function and audits of the City's MAYOR Consider the reports of and interact with the statements. Review the financial oversight of the above Assume direct Assist the City Council the City's financial controls; responsibility, with function; <u>procedures, and its</u> eports and other inancial information with legislative nternal financial ontrols and provided by the City <u>ndependent internal</u> he City's disclosure inancial audit erformance of an itemal auditor's ity's internal auditor connection with the IBA CITY ATTORNEY Formatted: Not Highlight Formatted: Font: Italic Deleted: ¶ Formatted: Not Highlight

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Duties		ISSUE	City of San Diego.	* Please note that w
In carrying out its oversight functions, the Audit Committee shall:		MAYOR	and the same was an analysis of the same and	* Please note that where the term "Manager" is used, for the auration of the strong Mayor puot, muttern
In carrying out its oversight functions, the Audit Committee shall:	appropriate consultation with the Mayor or his designees, for the appointment, compensation, retention and where appropriate, replacement of the outside auditor to the City in preparing or issuing an audit report or related work: Oversee the work and independence of the outside auditor, approve all auditing services and permitted non-audit services provided by the outside auditor, and resolve any disagreements between the Mayor and the outside auditor regarding financial reporting.	IBA		duration of the strong Mayor public
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Please note that where the term "Manager" is used, for the duration of the Strong Mayor pilot, that term refers to the Mayor of the

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Tity of San Diego. ISSUE (a) So (c) Review discuss and monitor the City's annual audited (b) In consultation with the City Manager, be responsible for preparing or issuing audit comprised as described above, preparing or issuing an audit auditor for the purposes of public accounting firm selected compensation, reports or related work. Auditor for the purpose of responsible for oversight of the the Audit Committee shall be Committee is independent and and scope of the audit. the audit for each fiscal year to up to and including the City's replacement of any registered work of the City's Internal financial statements and any review the planning, staffing independent auditors prior to statements. annual to be the City's independent periodic financial statements long MAYOR audited at Meet with the retention and, the appointment, appropriate, financial Audit (a) So-long-at-the-Audi responsible for oversight of Committee Committee-is-independen related work. The Interna issuing audit reports or purpose of preparing or Internal Auditor for the the work of the City's and comprised as described mnual performance review of the Internal Auditor and be accountable to the Audi of the Internal Auditor. he Internal Auditor and <u> Jommittee should approv</u> he annual compensation o ommittee. vuditor will report to and nnual budget of the Office responsible for the IBA The shall The Audi CITY ATTORNEY Formatted: Font: Italic Deleted: and Deleted: d

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* Please note that where the term "Manager" is used, for the duration of the Strong Mayor pilot, that term refers to the Mayor of the

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(Institute of the Control of the Con		independent auditors:	
2.11.12.12.12.12.12.12.12.12.12.12.12.12		with the City Manager and the	
		(g) Review, discuss and monitor	
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		the City's internal controls and	
		adequacy and effectiveness of	
		independent auditors the	
		with the City Manager and the	
A	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	(f) Review discuss and monitor	
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		independent auditors or	
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	- Agains and a second	and accounting principles and	
		changes to the City's auditing	
		(e) Review and monitor major	
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		should be received by the City	
		audited financial statements	
		Council whether the City's	
		recommend to the City	
		and the independent auditors,	d hading makers of
		discussions with management	***************************************
40.00	·	(d) Based on its review and	
		independent auditors.	
		City's Internal Auditor and the	
		with the City Manager, the	
CIXALIONNEL	IBA	MAYOR	ISSUE

* Please note that where the term "Manager" is used, for the duration of the Strong Mayor pilot, that term refers to the Mayor of the City of San Diego. ISSUE (h) Establish procedures for the accounting, internal accounting receipt, retention and treatment Audit Committee regarding of complaints received by the (3) Material financial risks (2) Any transactions or City's statements; MAYOR courses of dealing with not appear independent negotiated would likely differ from those that parties related to the arrangements that do auditors. such by management or that are designated as statements; an understanding of the and that are relevant to or other aspects that in size or involve terms City that are significant independent on the financial financial parties, with IBA CITY ATTORNEY

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controls or auditing matters;

confidential

8/10/2007, City of San Diego. Please note that where the term "Manager" is used, for the duration of the Strong Mayor pilot, that term refers to the Mayor of the ISSUE (i) Obtain, review, discuss and anonymous submission by the often if deemed necessary by auditors annually or more monitor with the independent auditing matters. regarding accounting of the public of concerns City's employees or members of the independent auditors, or control review or peer review most recent internal quality material issues raised by the control procedures, and (ii) any auditors' describing (i) the independent by the independent auditors the Audit Committee a report professional authorities, within by any inquiry or investigation and the steps taken to address by the independent auditors, independent audits carried out respecting one or preceding five MAYOR governmental internal qualityyears, more IBA CITY ATTORNEY Deleted: 7/20/2007 Deleted: Formatted: Font: Italic and

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	ISSUE	Chry of pan picko.
accounting policies and practices to be used; (ii) alternative treatments of financial information within GAAP that have been discussed with management officials, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and (iii) any other material written communications between the independent auditors and the City's management. (k) Review, discuss and monitor with the independent auditors annually or more often if deemed necessary by the Audit Committee, all relationships the independent auditors have with the City in order to evaluate the independent auditors on an annual basis a written statement regarding the auditors' independence.	MAYOR	
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